



## Market Supplements Policy

### 1. Policy Statement

The University of Edinburgh is committed to the principles of equal pay for work of equal value. However, there are situations in which the usual pay scale for a role is insufficient to attract applicants or retain existing employees. In these cases it may be necessary to pay a market supplement on top of the grade salary to ensure that posts can be filled, and that employees remain in post for a reasonable period.

Where there is evidence to support the case for a market supplement, the evidence will provide the material reason for a higher pay level than for other jobs in the same grade. In such circumstances, where there is a clear business need supported by objective market data, and other non-pay approaches have proved ineffective, the University will consider offering a market pay supplement in addition to the normal reward package for the post. Such payments will only be made in exceptional circumstances.

### 2. Scope

This policy covers all prospective and existing employees up to and including Grade 9 on the University's pay and grading structure.

### 3. Principles

In managing the use of this policy, the University will:

- ensure that it meets its obligations under equal pay legislation;
- allow market supplements to be considered only where a clear and demonstrable business need exists;
- ensure that other non-pay issues are fully explored before a market supplement payment is considered;
- permit market supplement payments where an objective assessment of appropriate evidence supports the proposed approach, and a rationale is recorded;
- review all market supplement payments on a regular basis, and vary or remove them where a specific business need has changed, or no longer exists; and
- monitor all payments made under this policy and ensure they are included in equal pay audits.

#### **4. Payment of the Supplement**

Market Pay Supplements are additions to salary for a specific individual post, or group of posts. They may be paid in circumstances where substantially higher pay rates offered by other employers (the market rate) prevent the University from being able to recruit or retain employees on the salary range for the grade of the job in the University's grade and pay structure. The total reward package (basic salary plus all other benefits e.g. pension, annual leave) will be considered when making comparisons.

Where supplements apply to posts, they will be for a specified fixed term, initially up to three years, and will be subject to regular review each year. Where there ceases to be an organisational need or market justification for a supplement, the post holder(s) will be given notice that the payment will be withdrawn. The payment, a fixed cash amount, will be paid in addition to the employee's basic salary in order to bring their total salary up to the relevant rate. The appropriate level of supplement will be determined with reference to the difference between the University's pay rate (including the value of any allowances and other benefits) and the market rate, as determined by evidence from appropriate independent sources and taking into account the business need.

On appointment, an employee will be placed on a spinal point within the range appropriate for the grade of the job. The market pay supplement is then paid as a separate amount. In this way placement within a scale is not influenced by the need to pay a higher base salary, and does not compromise internal relativities.

Market pay supplements are paid in relation to specific posts. Therefore, where it is agreed that the payment of a market pay supplement is appropriate, it will apply to all identical posts and will be paid pro-rata for part-time staff.

Where an employee who is in receipt of a supplement moves to another role within the University that does not attract such a payment, the supplement will cease from the date they take up their new post.

#### **5. Procedure**

A Market Pay Supplement will only be considered once other ways of improving recruitment and retention have been exhausted and market pay is shown to be the main issue.

Where a manager identifies a difficulty in recruitment for, or retention in, a post, or a group of posts, and has evidence to suggest that pay is the primary issue, they should consult with their Head of HR and the Head of School/ Support Department and develop a business case to support a proposal to offer a Market Pay Supplement.

This business case should:

- provide the evidence to show that pay is the primary issue;

- provide details of other attempts to resolve the issue;
- provide market data showing the difference between the salaries offered and the external market rate; and
- present a proposal for the amount of supplement to be offered, and the appropriate review period.

The business case should be reviewed by the Head of School or Support Department and Head of HR. If they agree with the proposal, the Head of HR will consult with Corporate HR to check for consistency, other identical posts and wider cost implications across the University before a final decision is made by the Head of College or Support Group.

Where a recommendation is approved, a Market Pay Supplement will be agreed, taking the form of an ongoing cash payment in addition to salary for a specified period of time, initially up to three years.

### **5.1 Implementation**

All employees entitled to a Market Pay Supplement will be provided with a written statement detailing the amount of the supplement, its initial duration and the review periods that apply.

Recruitment documentation (including the Information for Candidates), and contracts of employment will identify the supplement as a distinct and separate element of pay, specifying its initial duration. Market Pay Supplements will be paid through the normal salary system, but will be identified separately from the base salary in documentation and records, including payslips.

Market Pay Supplements will be subject to National Insurance, PAYE income tax and occupational pension scheme deductions, where the employee is a member of a scheme. Market Pay Supplements will be taken into consideration in the calculation of all statutory and occupational pay entitlements such as sickness, family leave (maternity, paternity, adoption, etc) and redundancy.

The basic salary of employees in receipt of a Market Pay Supplement will continue to progress incrementally up the normal pay scale for their grade where appropriate as adjusted by the annual pay awards.

### **5.2 Formal Review of the Case**

Business cases for Market Pay Supplements will be formally reviewed at least once every three years by the appropriate Head of HR in conjunction with the Head of School/Support Department. They should discuss their proposed outcome of the review with their Head of College / Support Group before confirming any proposals to withdraw, extend, renew, increase or decrease any supplements currently in payment, to University HR Services (UHRS).

Where the outcome of a review is that the supplement will be preserved at its current level or increased to reflect the current market conditions, this will take effect in the month following the review date.

Where the outcome of a review is that the supplement is to be reduced or withdrawn, the employee(s) concerned will be given three months written notice of the variation, after which time the reduction/withdrawal will take effect. Any continuation of the supplement will be for a fixed time period, normally up to three years, and any further extension will be considered at the next review date.

## **6. Monitoring**

Data on all Market Pay Supplements will be reviewed by UHRS for equality and diversity monitoring purposes. Market Pay Supplements will also be included in any equal pay audits that the University undertakes.

Information compiled for monitoring purposes will be shared at CJCNC, to enable joint assessment of the effectiveness of this policy.

## **7. Policy Creation and Review**

This policy was approved by the Combined Joint Consultation and Negotiation Committee (CJCNC) on 30 September 2010, and replaced the document 'Market Pay Supplements Policy and Processes' which ceased to apply from that date. It was reviewed in February 2017 for accuracy of terminology and will be reviewed in 2024.